

BOARD OR COMMISSION: Glen Ellyn Police Pension

MEETING: Regular

QUORUM: Yes

DATE: October 19, 2011

CALLED TO ORDER: 7:34 p.m.

ADJOURNED: 9:23 p.m.

PRESENT: John Adduci, Bill Housey, James Mullany, Raymond Munch, James Monson

ABSENT: None

OTHERS: Investment Manager Merrill Rajeck, Interim Treasurer Larry Noller, Trustee Robert Friedberg

AUDIENCE: None

CALL TO ORDER:

The October 19, 2011 regular meeting of the Glen Ellyn Police Pension Board was called to order by Trustee Adduci at 7:34 p.m. in Room 301 of the Glen Ellyn Civic Center. A quorum was present.

AUDIENCE PARTICIPATION:

None.

APPROVAL OF MINUTES:

Trustee Mullany moved, and Trustee Housey seconded, to approve as printed the July 13, 2011 meeting minutes. The motion carried unanimously.

Trustee Mullany moved, and Trustee Housey seconded, to approve the August 24, 2011 meeting minutes with the change of the meeting type from regular to special. The motion carried unanimously.

QUARTERLY INVESTMENT MANAGER'S REPORT:

Merrill Rajeck presented the Quarterly Investment Manager's Report of investment activity. In the last quarter, bonds were up and stocks were down. The Total Fund Investment Return was down 3.64%, Net Total Fund Investment Return was down 3.68% and Corporate Investment Return was down 15.73%. Trustee Adduci noted the market had gained since September 30, 2011.

Manager Rajeck reported the sale of Financials ETF Vanguard investments and the purchases of Mid-Cap Growth Russell ETF and Energy Select SPDR. The Total Common Stock Funds return was down 17.06% with Preferred Stock Index Fund S&P down 8.61%, Total Corporate Fixed Income Funds down 3.89%, and Total Corporate Investments down 15.73%.

The 12 Month Net Cash Flow was \$47,016 and the Funding Level as of April 30, 2011 was 64.3%. The U.S. Treasury Yields were almost 0% due to very low interest rates. The remaining bonds are zero bonds with final returns expect to be equal to purchasing cost. Manager Rajeck suggested adjusting stock policy to buying cheap stocks and selling stocks as they increase.

The Total General Equity Funds increased 30% and the Total Sector Equity Funds increased 9.1%. Manager Rajeck plans to swap Materials-SPDR funds for Materials- Vanguard, add transportation funds such as railroad, air, and trucks, drop foreign funds except Canada, and swap Vanguard Short Term Bond Funds for higher yield and duration funds. Total Corporate Fixed Income Funds increased 10.9% and GSE Fixed Income increased 48.1%

Trustee Munch moved, and Trustee Mullany seconded, to approve the Quarterly Investment Manager's Report. The Motion carried unanimously.

At this point, Manager Rajeck left the meeting.

APPROVAL OF EXPENSES:

The following expenses were recommended for approval:

Accounts Payable Warrant PP0711	\$4,100.51
Accounts Payable Warrant PP0811	\$8,672.00
Accounts Payable Warrant PP1011	\$1,575.00
Pension Payments	\$342,084.49

Trustee Housey moved, and Trustee Mullany seconded, to approve payment of the above expenditures and approval of vouchers as presented by staff. The Motion carried unanimously.

APPROVAL OF MEMBERSHIP CHANGES/CONTRIBUTION REFUNDS/TRANSFERS:

New officer Philip Wessel was hired September 30, 2011 and is scheduled to attend police training academy.

Trustee Mullany moved, and Trustee Housey seconded, to accept the application of Philip Wessel. The Motion carried unanimously.

ANNUAL REPORT TO THE DEPARTMENT OF INSURANCE:

The board received a draft of the 2010-2011 Department of Insurance Report. There are no new retirees to add to the report. Trustee addresses will be changed to the Civic Center's address.

Subject to not discovering any discrepancies by the end of October 2011, Trustee Housey moved, and Trustee Mullany seconded, to approve the Annual Report the Department of Insurance. The motion carried unanimously.

ANNUAL ACTUARY REPORT AND ANNUAL REPORT TO VILLAGE BOARD:

The Annual Actuary Report summarizes last year's fiscal activity and lists the contributions for next year. The Entry Age Normal Cost Method used by Glen Ellyn is greater than the percentage required by statute.

The Municipal Compliance Report is required by the state and reports total assets, market value, municipal contributions, pension payments, actual investment return, number of active members, pension disbursements, and unfunded liability.

Trustee Munch moved, and Trustee Mullany seconded, that the pension president and secretary sign the Municipal Compliance Report. The motion carried unanimously.

INVESTMENT POLICY:

The board reviewed a draft of the proposed Investment Policy and discussed placing restrictions on the investment manager, adding guidelines for investments, creating equity percentages for investments, placing a maximum on non-U.S. investments, and using target ranges instead for specific target percentages for investments.

At this point, Trustee Monson joined the meeting.

The board will discuss with Manager Rajeck a set of benchmarks for ensuring correct rates of return. Trustee Housey will create a second draft for board review.

OTHER BUSINESS:

The new police pension regulations will affect Glen Ellyn's balance sheet, although the contributions will be calculated using the same procedures and benchmarks. The balance sheet will now list the contribution amount as a liability.

The new Glen Ellyn finance director, Kevin Wachtel, will attend the next pension meeting as Treasurer. This is the last meeting Interim Treasurer Noller will attend as Interim Treasurer.

NEXT MEETING:

The next meeting will be January 11, 2012.

ADJOURNMENT:

Trustee Munch moved, and Trustee Housey seconded, to adjourn the meeting. The motion carried unanimously. The October 19, 2011 meeting was adjourned at 9:23 p.m.

Submitted by Jody Conidi, Recording Secretary